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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 002432

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SUBJECT: SCENESETTER FOR VP GARCIA LINERA VISIT

REF: LA PAZ 02399

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

11. (C) Summary: Bolivian Vice President Alvaro Garcia Linera will be in Washington September 10 - 13 to continue the GOB's push for an extension of ATPDEA benefits. The Vice President's visit offers the opportunity for us to express our interest in the stabilization of democracy, the lack of serious GOB engagement concerning trade, and less than stellar counternarcotics cooperation. The political climate in Bolivia is tense. President Morales' MAS party is pushing a potentially anti-democratic agenda through the Constituent Assembly (CA), the opposition controlled eastern departments went on strike on September 8, and social sectors are increasingly discontent. The Bolivian highlands (Altiplano), a MAS stronghold, receive the majority of ATPDEA economic benefits, and for this reason the GOB wants to be seen as advocating for an extension. Garcia Linera is coming to Washington unprepared to pay "full price" for continued access to the US market, but will likely carry up a "discount" trade proposal. We recommend Washington interlocutors use the Vice President's visit as an opportunity for a frank exchange on the GOB's democratic credentials. End summary.

12. (C) Garcia Linera's visit comes as his party's militancy threatens to turn the CA into a rubber stamp for the party's platform. MAS delegates have unilaterally changed the rules to allow for a simple majority vote and are positioned to impose on the CA an anti-democratic agenda. Late on September 7 the CA President halted efforts to ram through MAS preferred rules and opened dialogue with the opposition in an apparent effort to reduce support for the September 8 strike. It is unclear at this point whether the MAS door will again slam shut when the regional protests subside. Garcia Linera frequently refers to "communitarian democracy" and speaks of "isolating and defeating ultraconservative, regressive, separatist segments which have entrenched themselves" in the main opposition party. At the opening of the CA, he spoke of Bolivia as undergoing a "revolution."

13. (C) While overall public support for the Morales government has dropped to 61 percent, in the Altiplano it

continues at 81 percent. Political support from the highlands is critical to the survival of the Morales government. The Altiplano is the chief beneficiary of ATPDEA benefits because it is there that most exporters are based. The GOB wants to be seen as doing all it can to secure an extension. While the GOB has publicly announced that it is seeking alternatives to ATPDEA, it also knows that many jobs depend upon its extension. The GOB has told the Embassy that the VP will be carrying written proposals regarding ATPDEA and counter-narcotics.

14. (C) The Garcia Linera visit will allow us to deepen the dialogue on the U.S. - Bolivia relationship, including our concerns about anti-drug cooperation, legal security for investments, and the uneven application of rule of law. His presence in Washington affords us a chance to explore GOB intentions for the CA and to underscore our strong support for an inclusive CA. Post recommends the following talking points:

-- We are willing to listen to what you bring to the table on trade, but are awaiting your concrete proposals. The decision to extend ATPDEA belongs with the US Congress, and we understand you will be speaking with the Hill. ATPDEA was created as a pathway to an FTA. With your government dismissive of the prospect of an FTA with us, what are your arguments for ATPDEA?

-- We are deeply concerned about the Hydrocarbons Minister's assertion that hydrocarbons contracts are invalid, despite a Constitutional Tribunal ruling otherwise. Why should foreigners invest in Bolivia when a decision by the supreme

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tribunal of the land is simply dismissed by the President?

-- We are concerned about disturbing reports coming out of the CA. While we recognize that the CA is an internal matter for Bolivians, we have heard President Morales express hopes that what emerges from the CA will be a document that reflects the will of the people.

-- We agree with the president and note that it is hard to achieve consensus without compromise. There are many important interests and regions in Bolivia, and it is legitimate for differences of opinion to emerge and be addressed, including those of the minority.

GREENLEE